

MONTANA SYSTEM OVERVIEW

February 28, 2006

Presented by:

Mike_Taylor@ncci.com

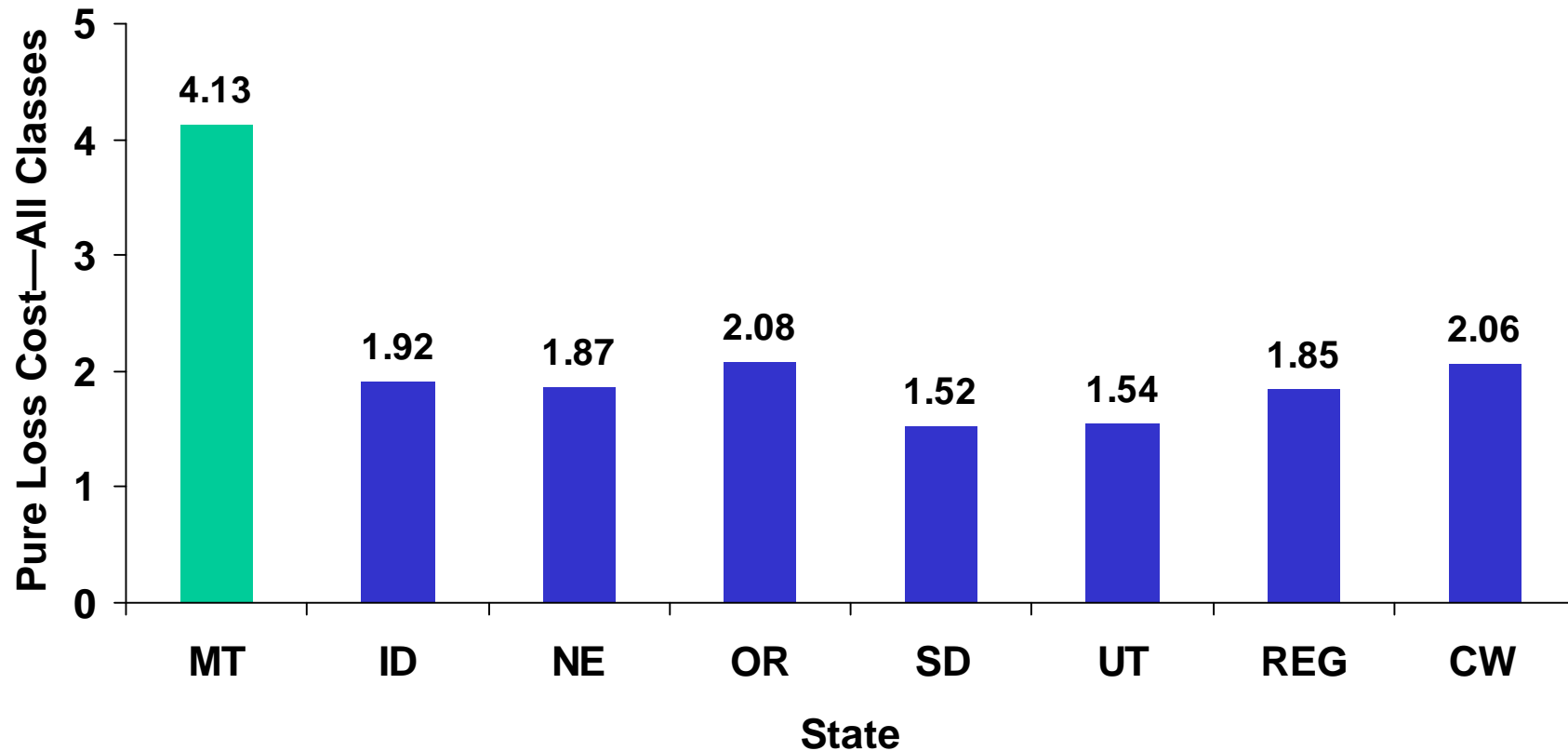
NCCI, Inc.

503-624-1831

Montana Workers Compensation System— An Overview

- Escalating medical costs
- Increase in the medical loss ratios
- Lost-time claim frequency generally has been flat with some upward pressure in the most recent year
- Montana Supreme Court decisions are impacting benefit costs
- High permanent partial disability frequency and total cost per case

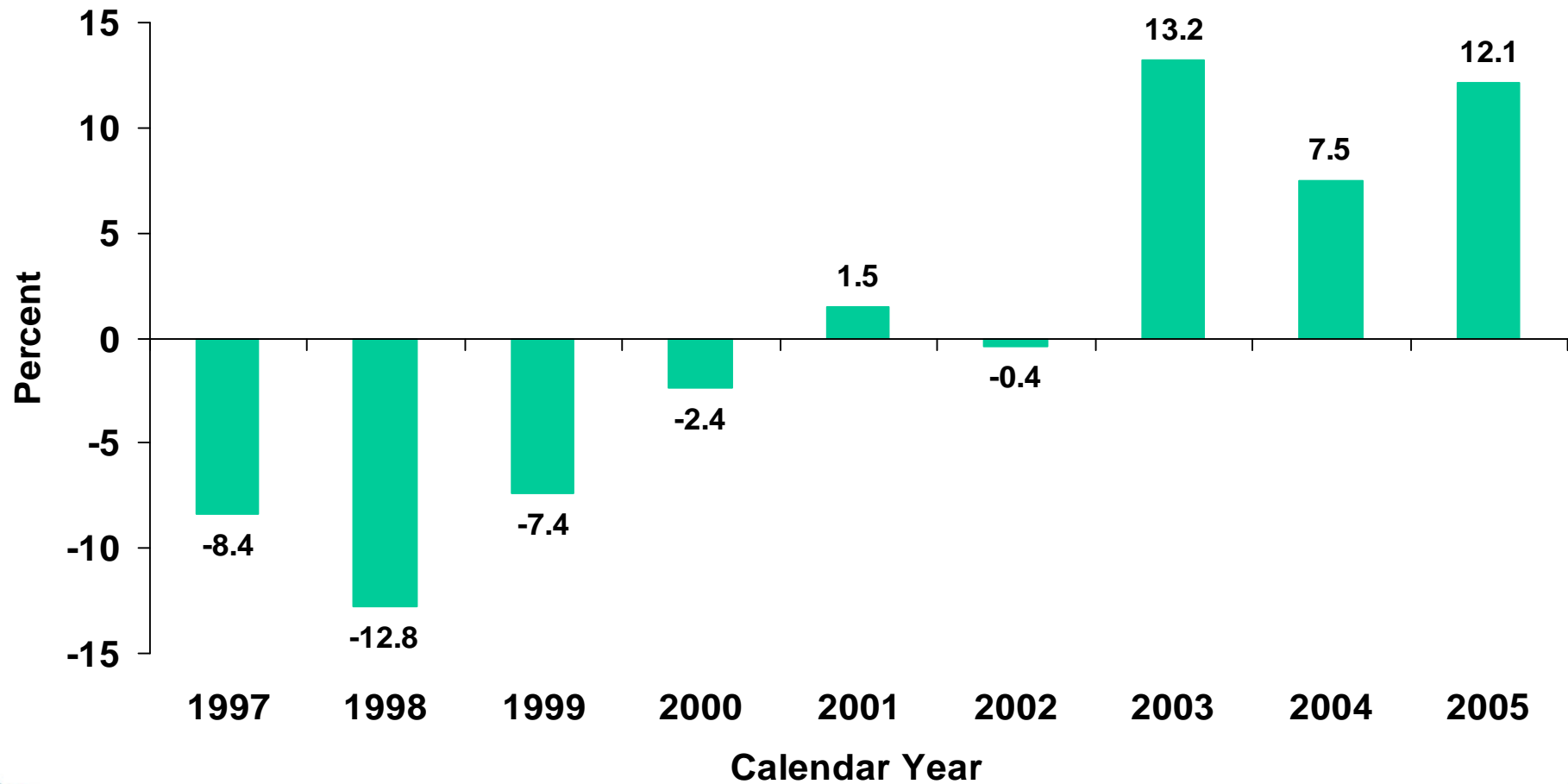
Current Average Voluntary Pure Loss Costs Using Montana's Payroll Distribution



Based on the latest NCCI published rates and loss costs in the various states.

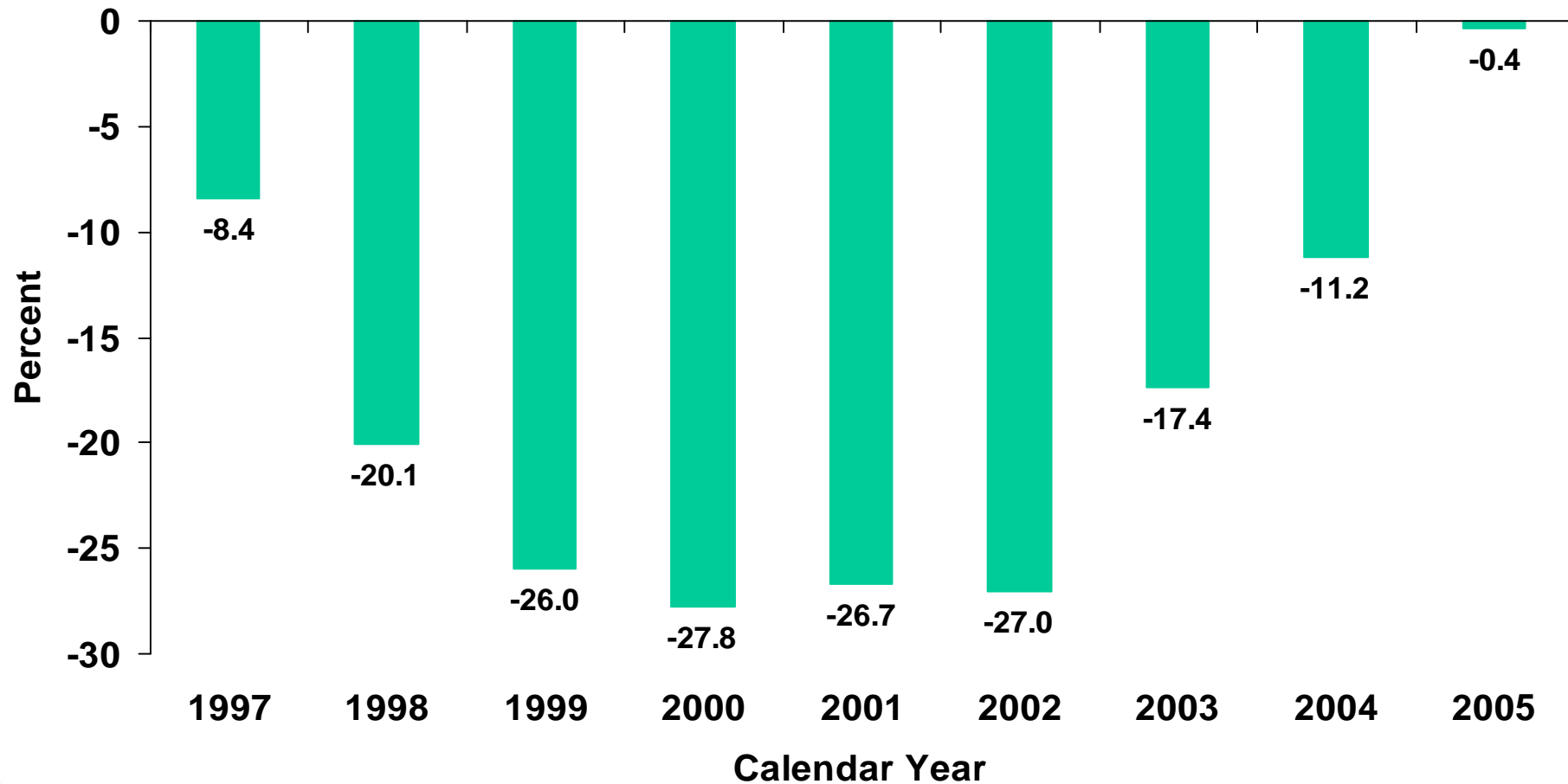
Montana's Filing Activity

Voluntary Loss Cost Changes



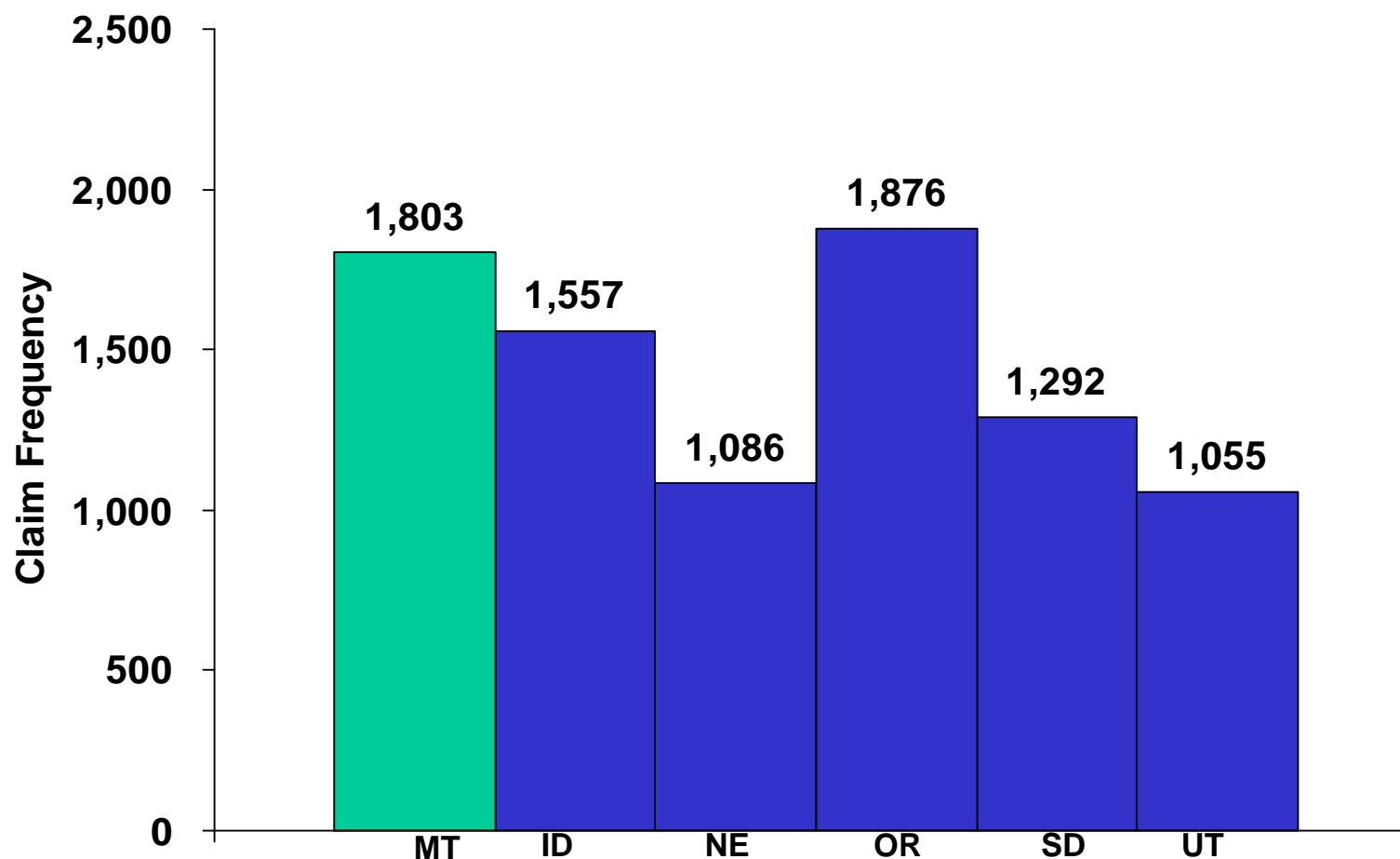
Montana's Filing Activity

Cumulative Voluntary Loss Cost Changes Since 1997



Montana's Average Lost-Time Claim Frequency

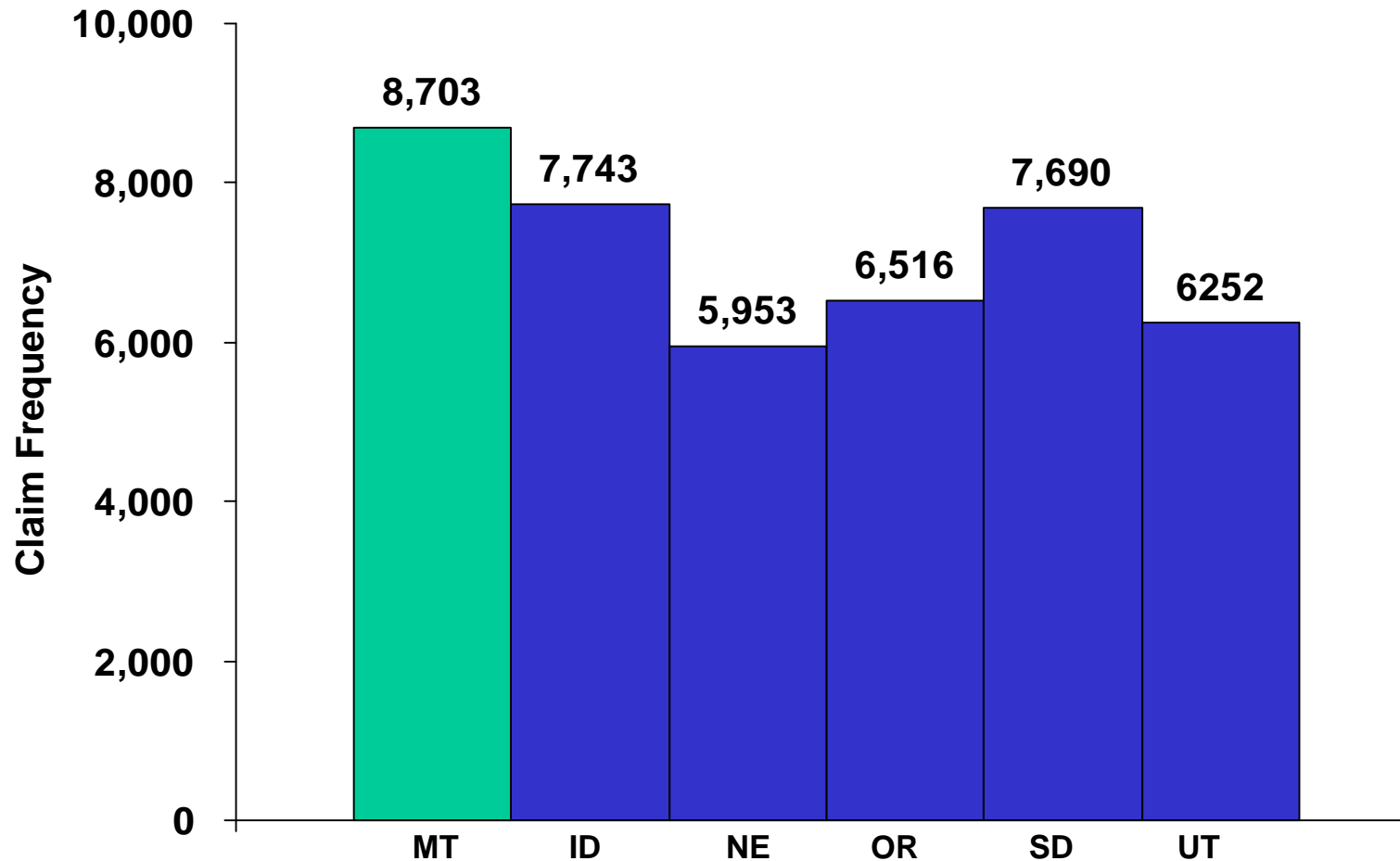
Frequency per 100,000 Workers—Lost-Time Claims



Based on NCCI's WCSP data.

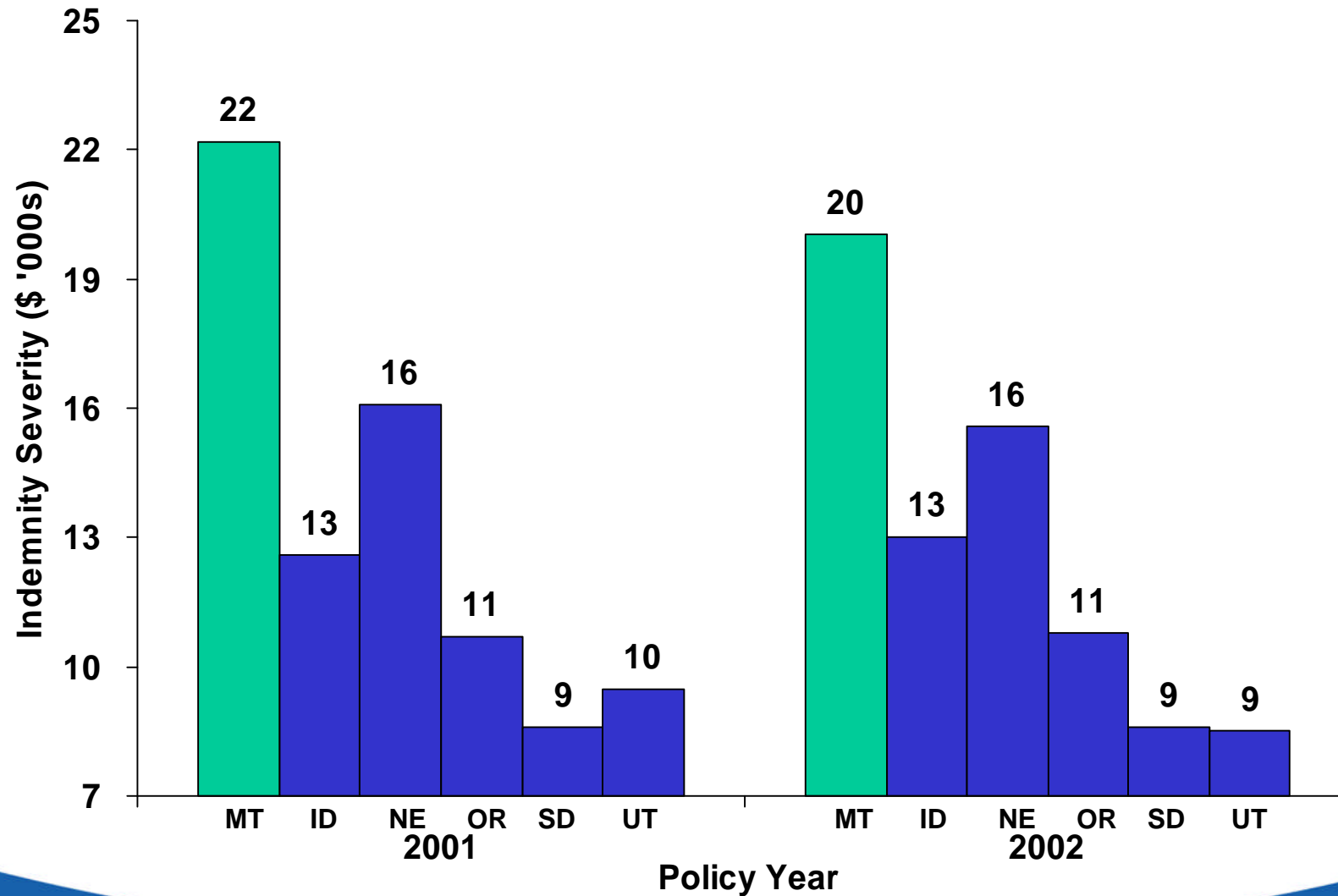
Montana's Average Claim Frequency

Frequency per 100,000 Workers—All Claims



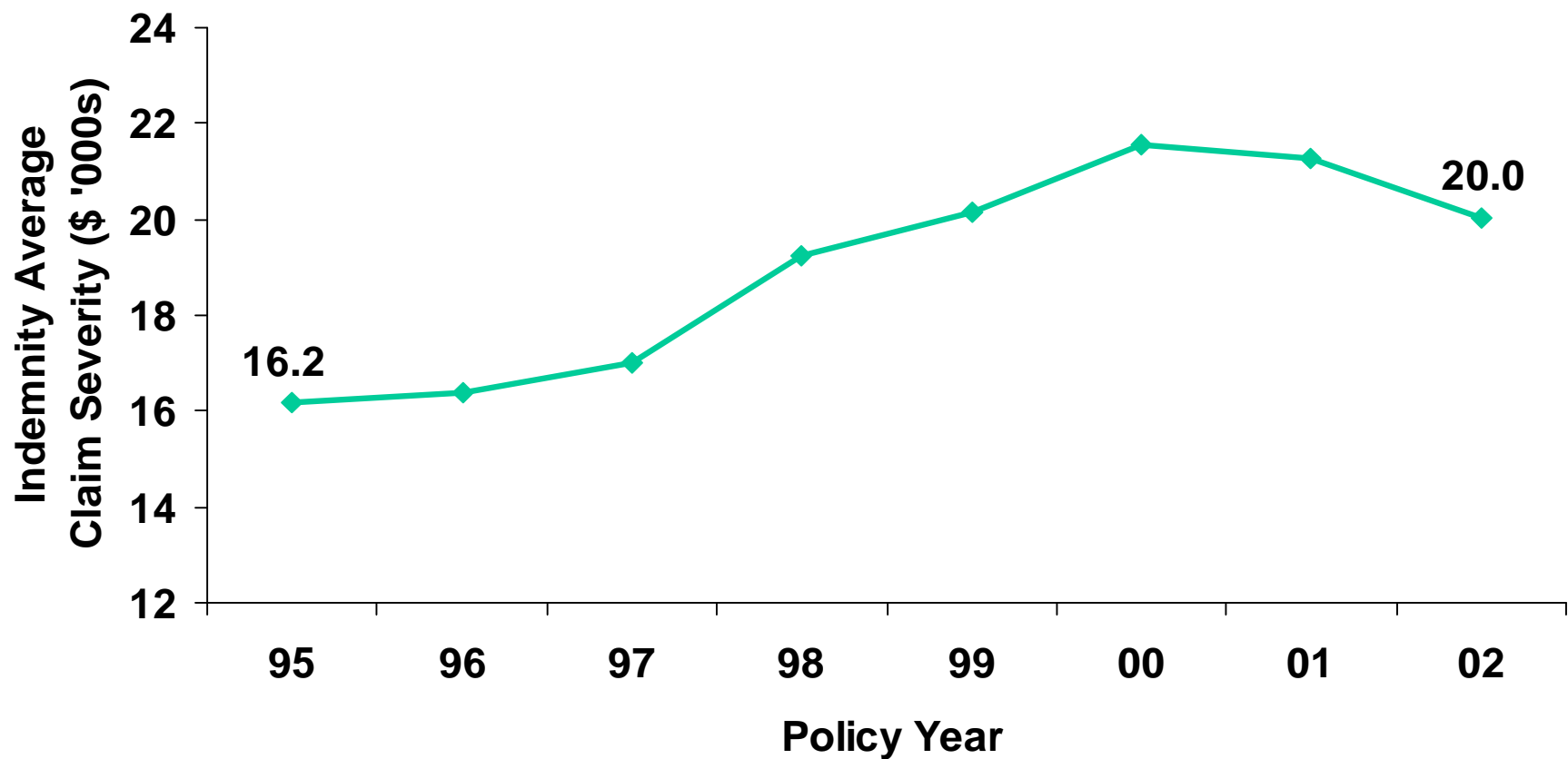
Based on NCCI's WCSP data.

Montana's Indemnity Average Claim Severity



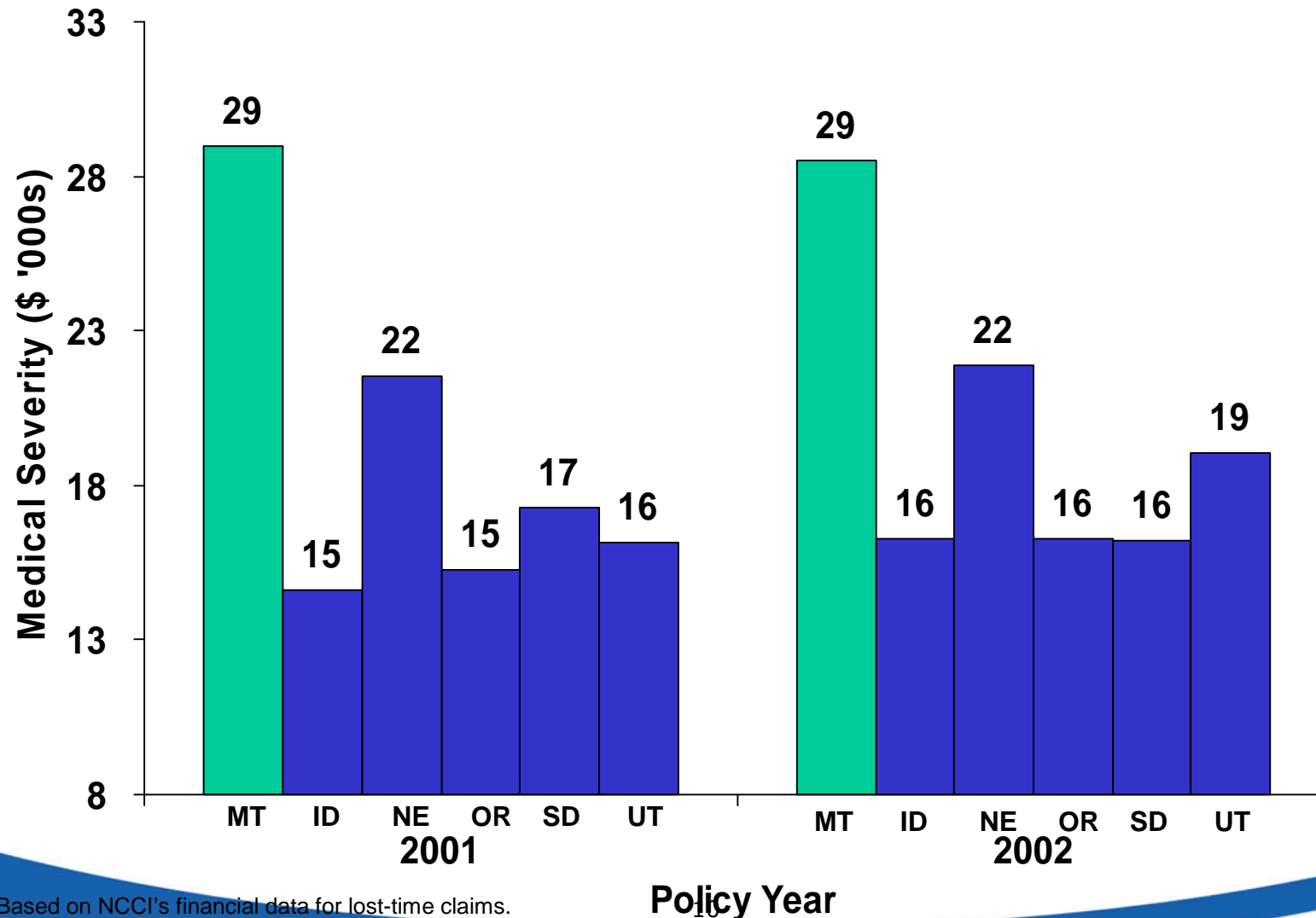
Based on NCCI's financial data for lost-time claims.

Montana's Average Indemnity Severity



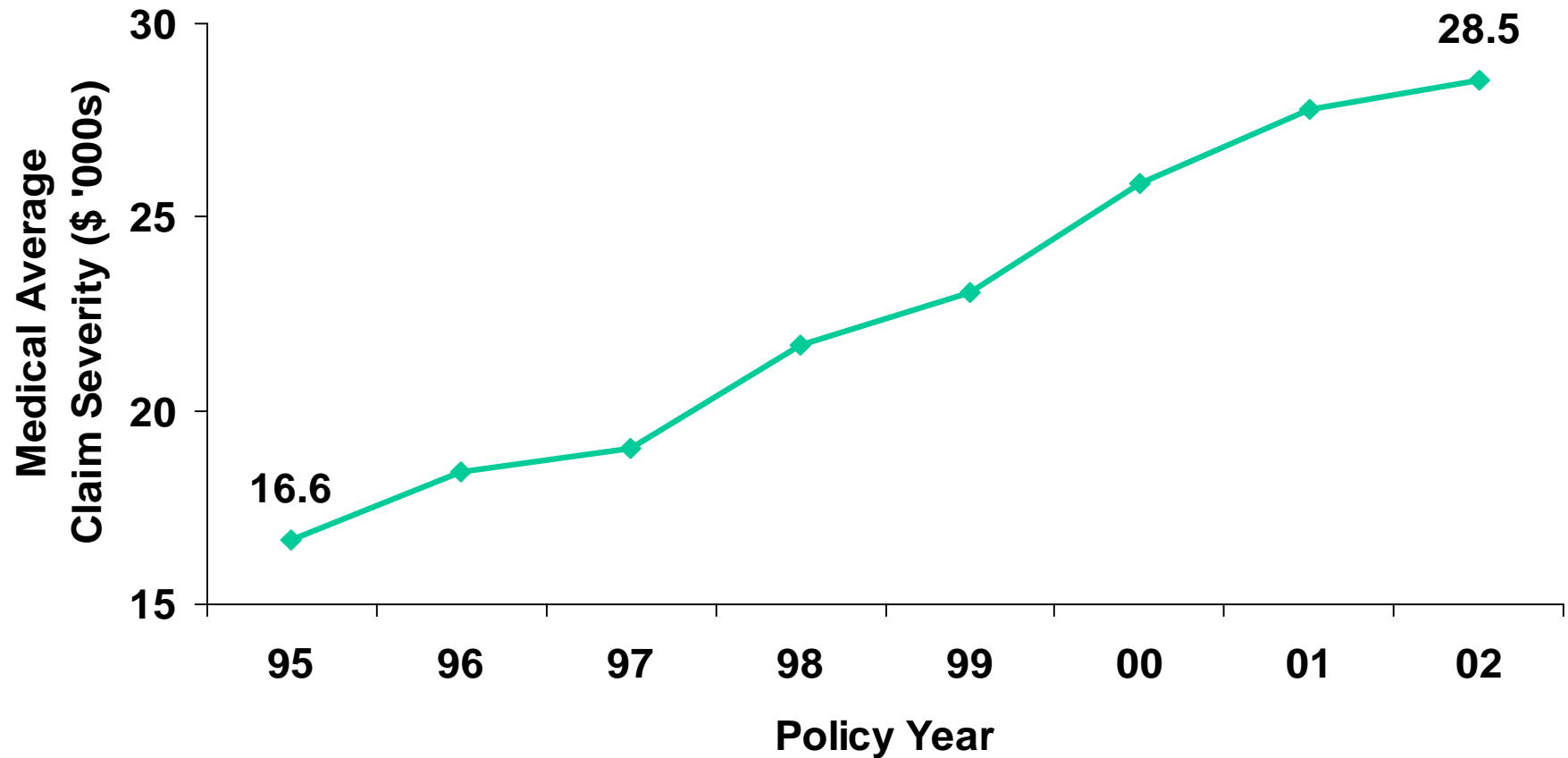
Based on NCCI's financial data for lost-time claims at current benefit level and developed to ultimate.

Montana's Medical Average Claim Severity Compared With Neighboring States



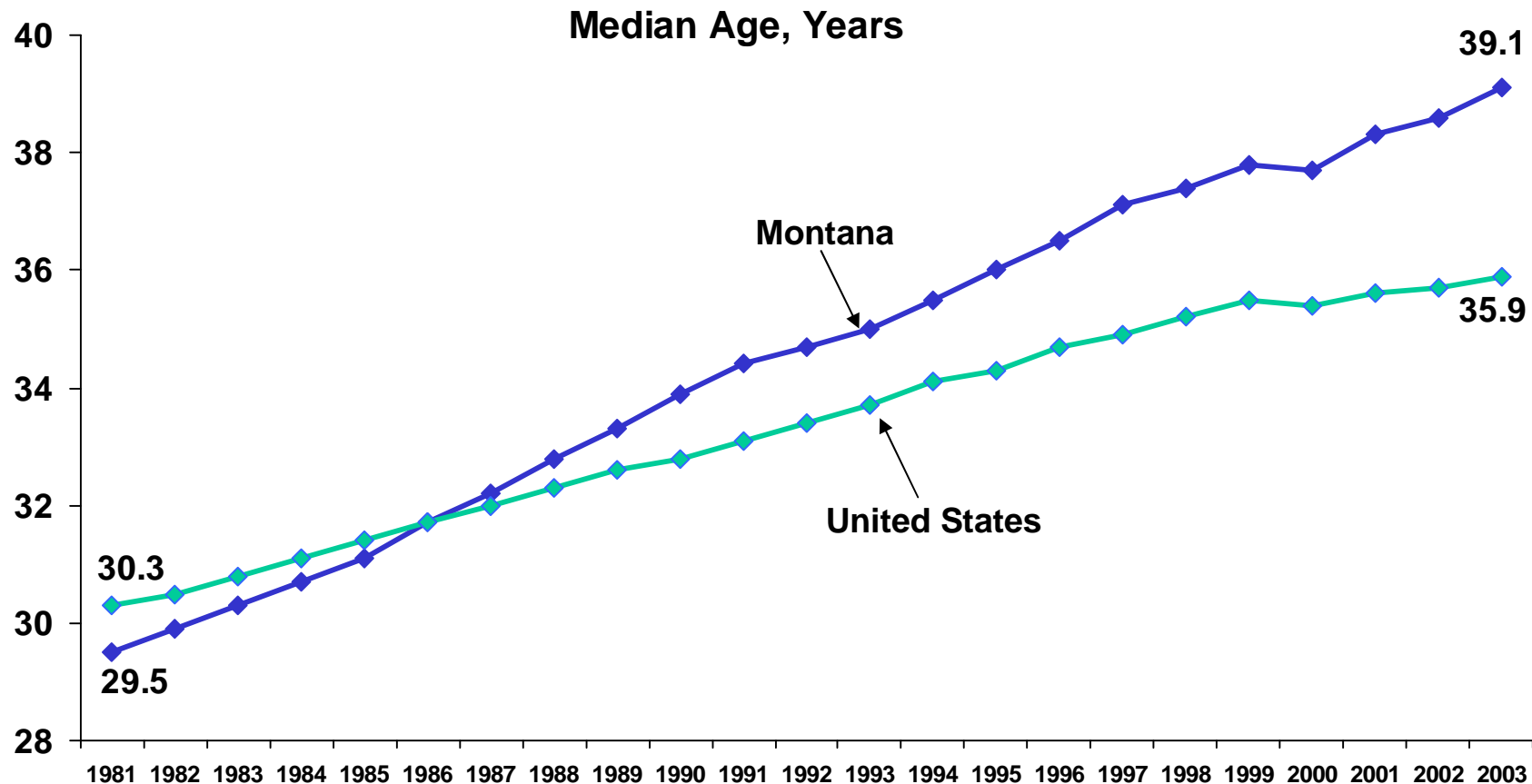
Based on NCCI's financial data for lost-time claims.

Montana's Average Medical Severity



Based on NCCI's financial data for lost-time claims at current benefit level and developed to ultimate.

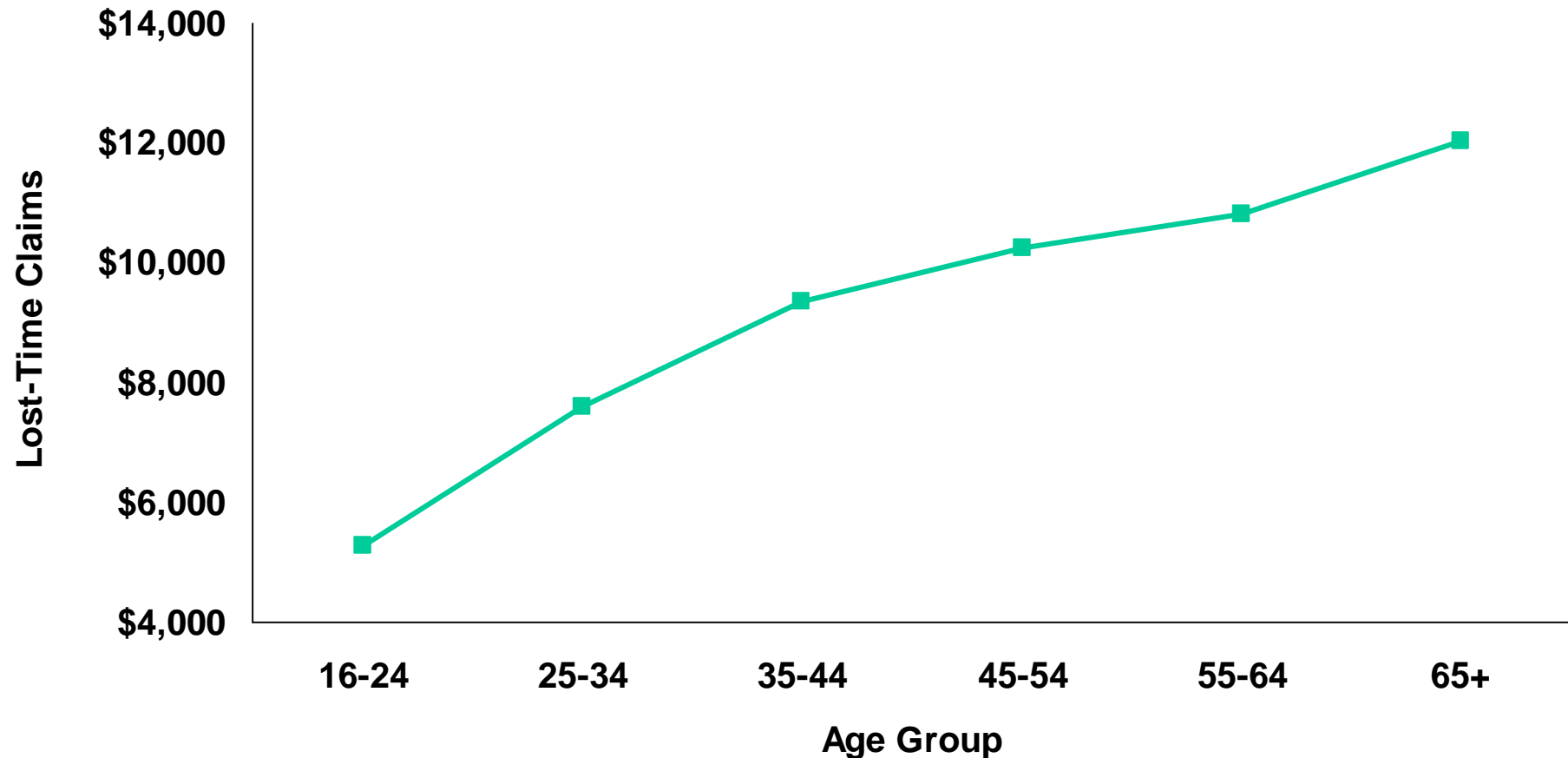
Montana's Median Age Is Increasing Slightly Faster Than That of the U.S.



Source: U.S. Census Bureau

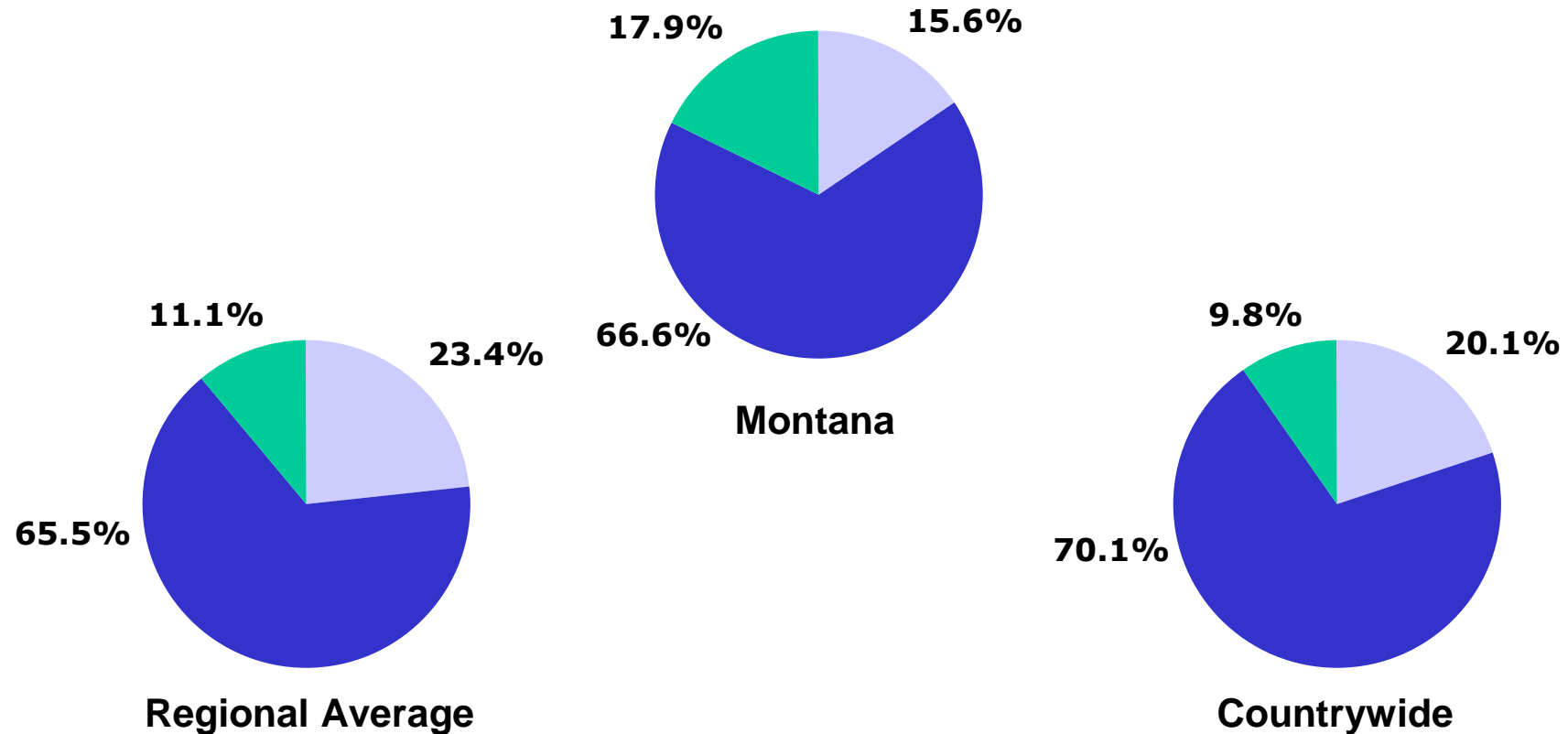
Medical Severity Increases With Age

Average Medical Incurred Severity at 18 Months for Lost-Time Claims



Source: NCCI (Countrywide Data)

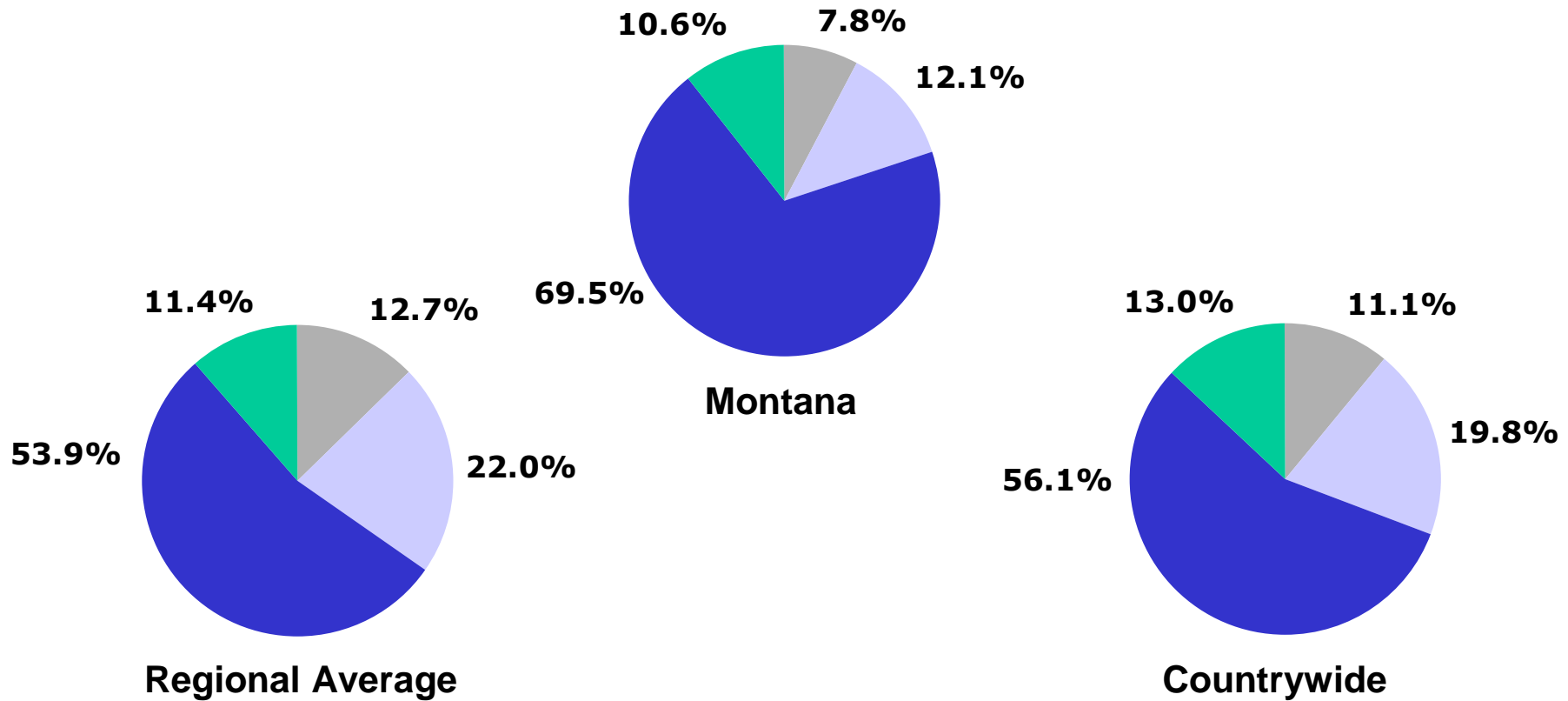
Montana's Indemnity Loss Distribution by Injury Type



■ Temporary Total ■ Permanent Partial ■ Permanent Total/Fatal

Regional states are Idaho, Nebraska, Oregon, South Dakota, and Utah.
Based on NCCI's WCSP data.

Montana's Medical Loss Distribution by Injury Type

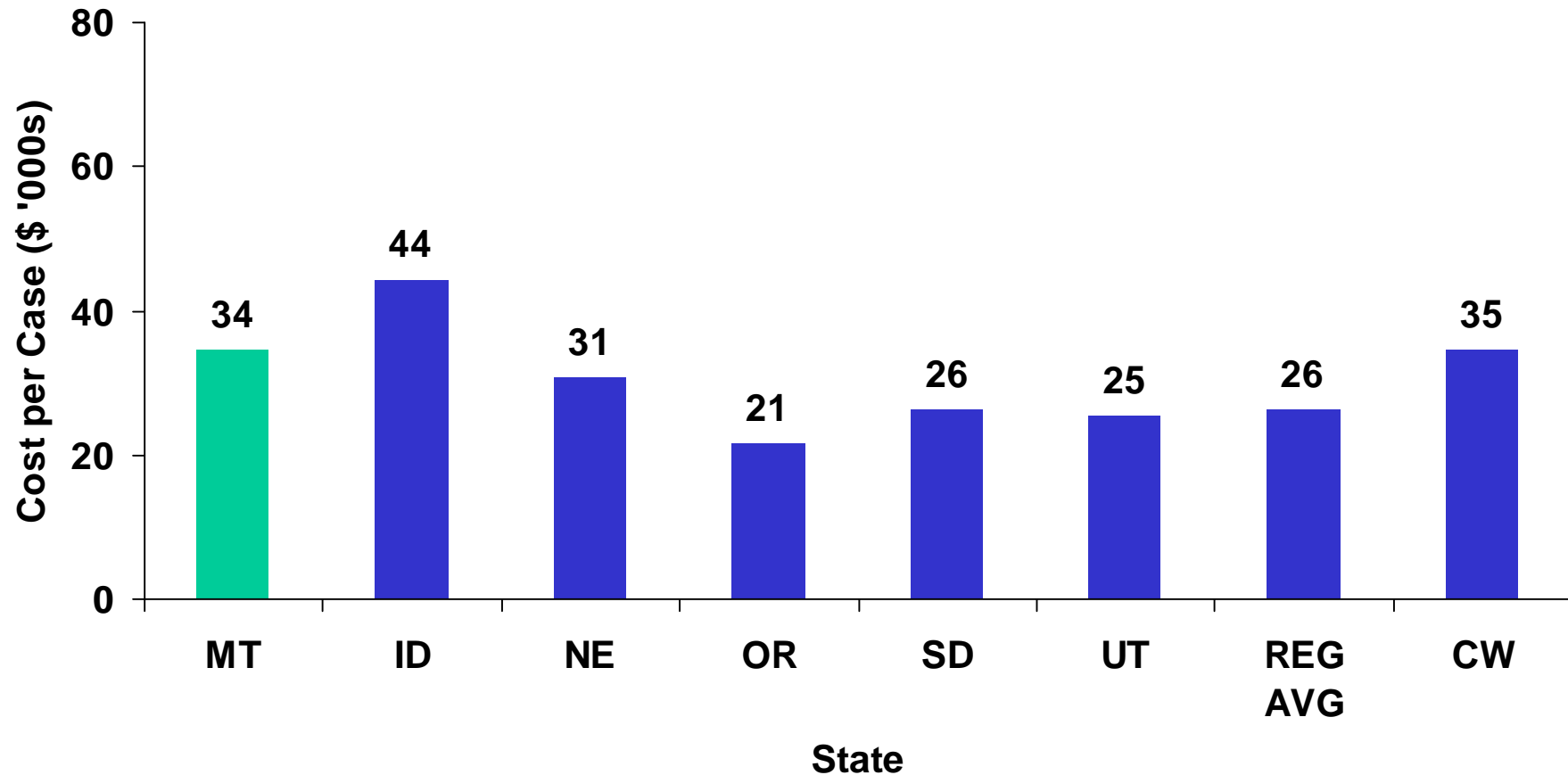


■ Medical Only ■ Temporary Total ■ Permanent Partial ■ Permanent Total/Fatal

Regional states are Idaho, Nebraska, Oregon, South Dakota, and Utah.
Based on NCCI's WCSP data.

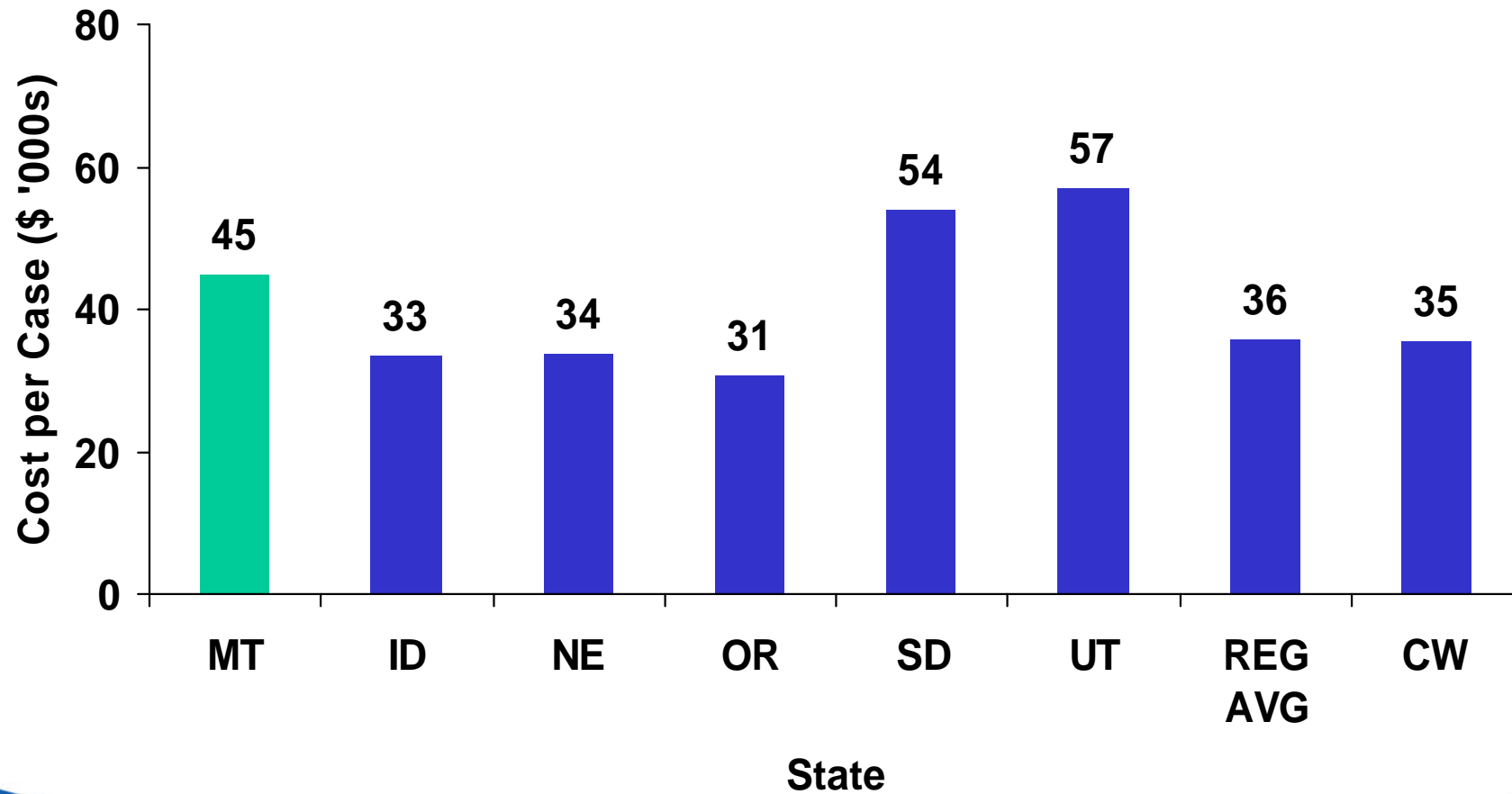
15

Montana's Indemnity Permanent Partial Average Cost per Case



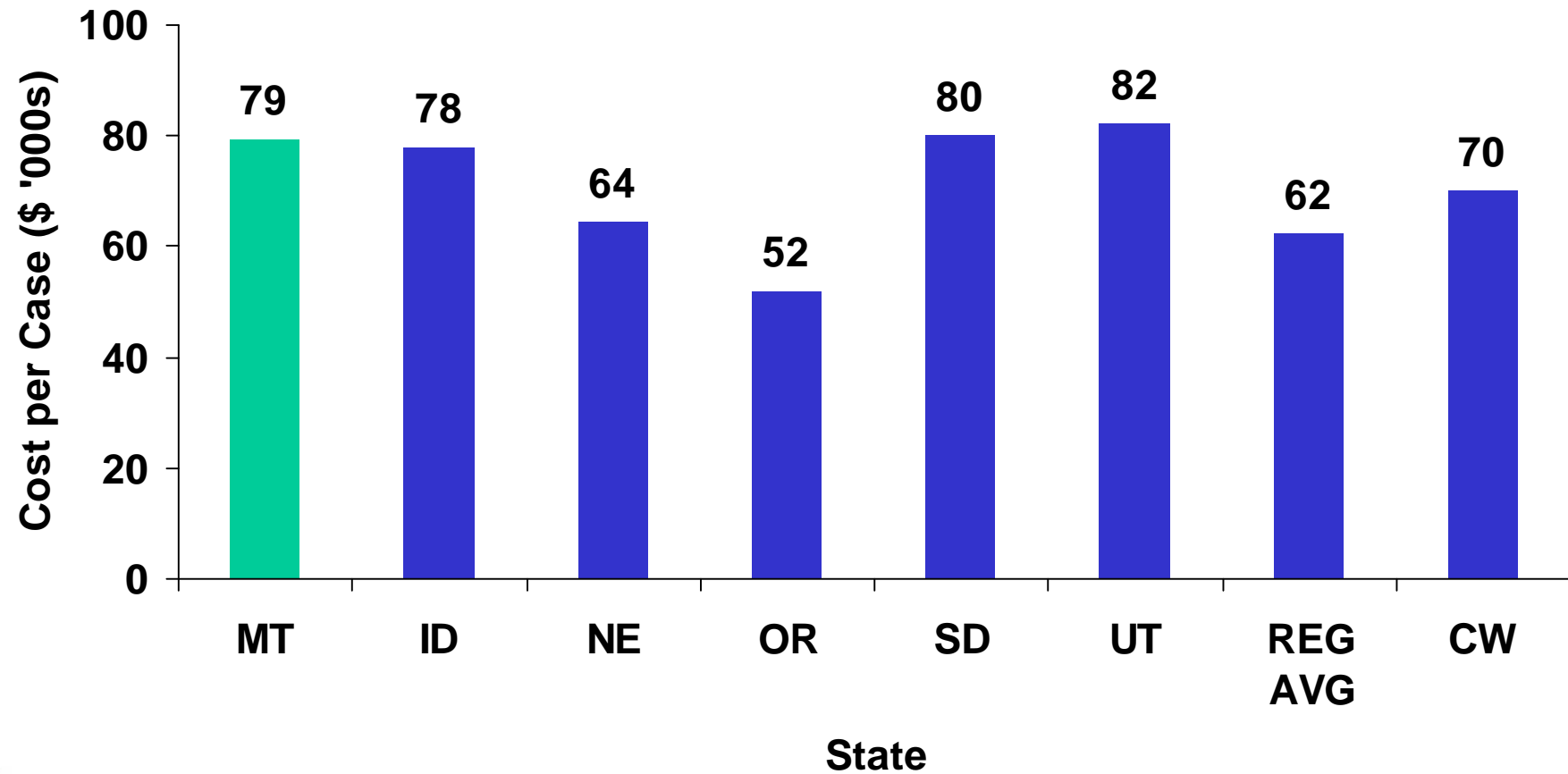
Based on NCCI's WCSP data.

Montana's Permanent Partial Medical Average Cost per Case



Based on NCCI's WCSP data.

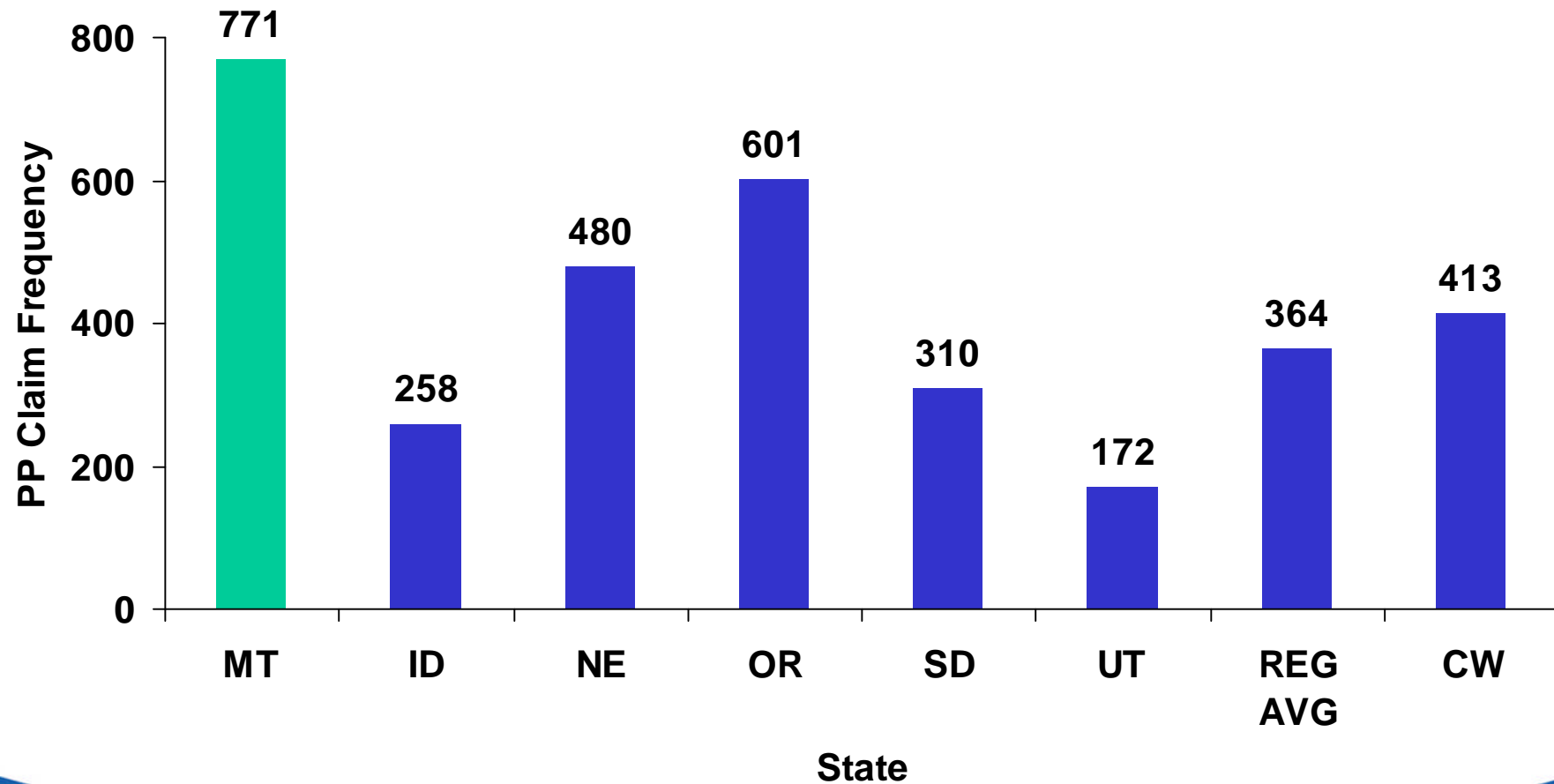
Montana's Permanent Partial Average Total per Case ...



Based on NCCI's WCSP data.

...Times Montana's Average Frequency of Permanent Partial Claims...

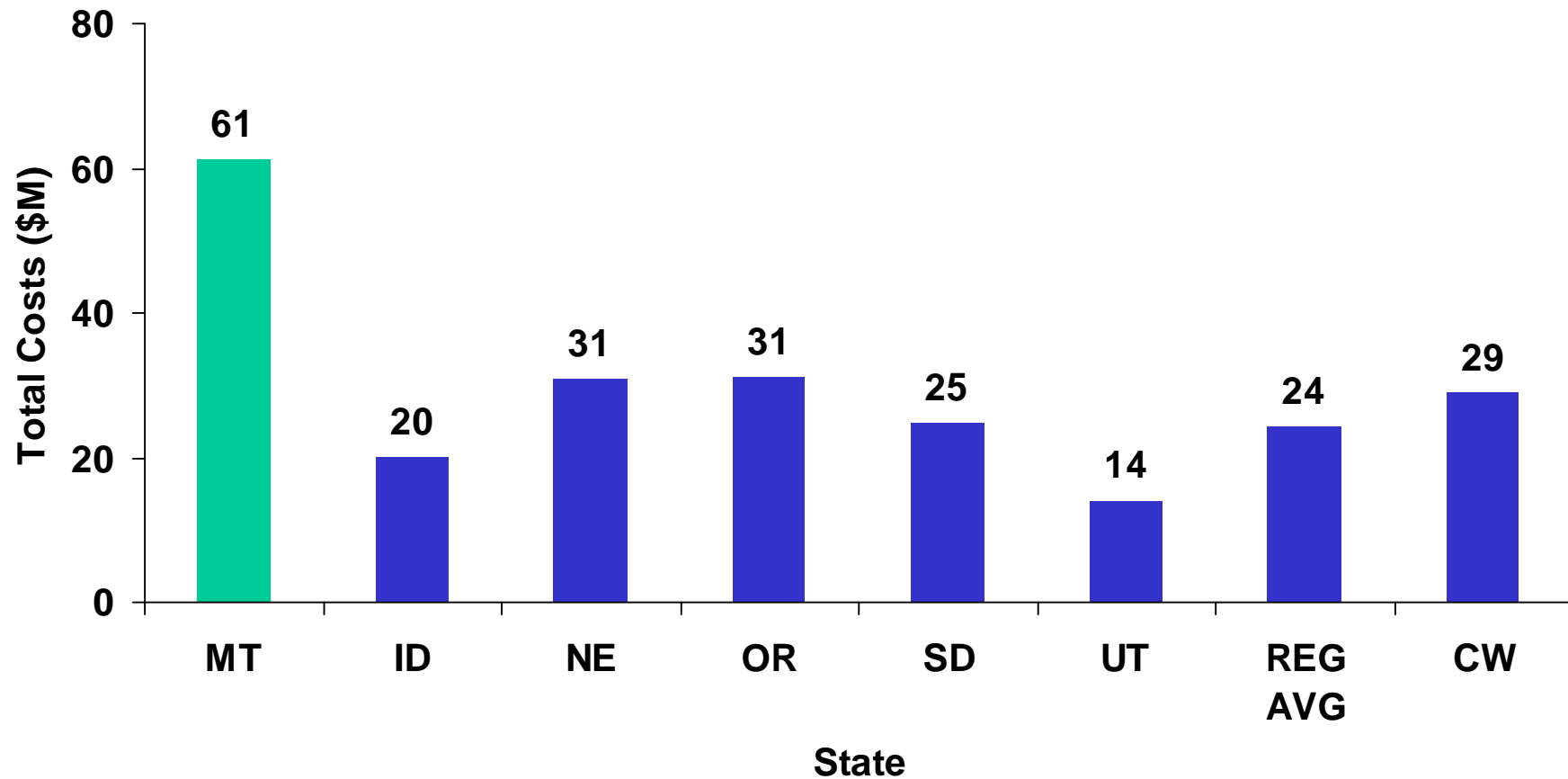
Permanent Partial Frequency per 100,000 Workers



Based on NCCI's WCSP data.

...Gives Montana's Permanent Partial Total Costs

Permanent Partial Costs per 100,000 Workers



Based on NCCI's WCSP data.

20

Questions?